



SOUTHINGTON PUBLIC SCHOOLS

March 20, 2019

Testimony Regarding S.B. No. 882
Submitted by Timothy F. Connellan, Superintendent
Southington Public Schools

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Members of the Committee on Planning and Development

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This testimony is in support of a modification to S.B. 882. The Retirement Services Division of the State Comptroller in a letter to municipalities and school districts dated January 18, 2019 explained the recent Experience Study. The recommendation is to lower the long-term expected rate of return on assets. Implementation of that recommendation would require employer contribution rates paid by entities participating in the Municipal Employees Retirement System (MERS) to increase significantly beginning with the fiscal year 2019-2020. The forecasted future contribution rates would increase two percent to two and one-half percent of payroll per year for the next five years. The recommendation would shift the entire burden to the employer impacting municipal and school district budgets. The impact to the Southington Board of Education budget and therefore the Southington taxpayers is estimated at \$365,000 in year one and \$1.5 million over the next five years.

Senate Bill 882 proposes an increase to the employee contribution to the Municipal Employees Retirement System of two percent for each of the next three fiscal years beginning July 1, 2019. As currently written, this bill would shift the entire burden to the employee.

A shared solution to fund MERS would be more appropriate. In addition, the increase in responsibility for the employee contribution should be spread over the same five-year period that was recommended by the Retirement Services Division for employers. Implementation of this suggested change in the language of SB 882 would result in the same total six percent increase but change the proposed employee 2% increase in each of three years to an increase of 1.2% each year for five years, thus reducing some of the burden on employees.

In addition, the employee contribution increase should result in a corresponding decrease to the recommended rate changes by the Retirement Services Division to the employer, thereby reducing the burden on municipalities and local taxpayers.

Senate Bill 882 recognizes that a change in funding this retirement program is necessary. However, it would be appropriate to modify the proposed language to reflect a shared solution to this problem. In addition, Senate Bill 882, Section 3, would establish a committee to study and develop recommendations concerning the addition of a new Municipal Employees Retirement System membership tier. While not taking a position on the tiered membership, there is no objection to a study that would provide the opportunity for review and comment on recommendations of this nature.

Thank you for your time. Please feel free to contact me directly regarding this matter.

Respectfully,

Timothy F. Connellan, Superintendent